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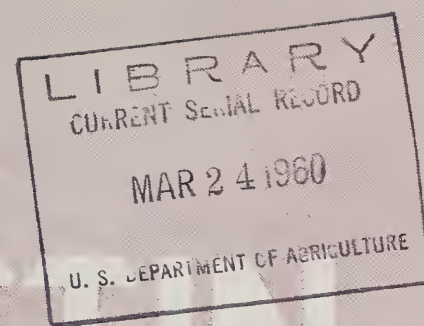
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Fred W. Linder
MARKET ADMINISTRATOR

Market Administrator's

BULLETIN



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Use of Milk in Several Manufactured Dairy Products Declined in 1959

With a slight decline in total milk production, and larger consumption in fluid outlets, less milk was available for the production of manufactured dairy products in 1959. The reduction in combined offerings of butter and cheese (milk equivalent) to CCC was associated with the decline in output of these items through last summer and early fall. Output of evaporated and dry whole milk also declined in 1959. The decline for evaporated milk represents a further adjustment to the decline in consumer demand for this time. Per capita consumption of evaporated milk has fallen about one-third in the last decade. For dry whole milk, output has been declining slightly in recent years as the export demand for the product has dropped off. Use of milk for cheese other than American was a trifle above the 1958 level. The same is true for condensed whole milk products.

Noticeable increases in output of butter have occurred in the last several weeks as butter prices moved above support levels. Butter production in July 1959 was 11 percent below that of a year earlier, compared to a decline of 1 to 6 percent in each of the first 6 months of the year. Since July it has gradually increased relative to last year and in November was 1 percent above that of November 1958. Compared with the 10-year average, the shift was even more pronounced. In

August it was 20 percent below the 10-year average, but by November was 7 percent above that average.

Price increases came later for cheese than for butter this fall. With a relative increase in use of milk for making butter a decline occurred in cheese output. In November, output of American cheese was 8 percent under that of a year earlier, the largest reduction for any month in 1959. The comparison with the 10-year average showed a comparable shift. In November it was 30 percent below the 1948-57 average, compared with only slightly over 20 percent in the first half of 1959. In early December, cheese prices were slightly above the equivalent of support levels. Since most of the rise in cheese prices came in the last two or three weeks there has not been time for a shift back to cheese in the pattern of milk use.

Ice cream and other frozen dairy desserts are produced nearer the centers of consumption than are most of the other manufactured dairy products. All quantities of milk demanded at prevailing prices go into the production of frozen items before channeling to other manufactured dairy products. Use of milk in production of all dairy desserts has shown a substantial increase this year. Output of ice cream has ranged from 1 percent above

(continued on the back page)

Consumption of Fluid Milk Products Increased in 1959

Consumption of all fluid milk items in 1959 is running at a higher level than a year earlier. In Federal and State Order markets during the first three-quarters of 1959, sales of whole milk were 1.8 percent larger than a year earlier. Consumption of fluid milk products was noticeably affected by the heavy unemployment in some areas during 1958. Per capita consumption of whole milk apparently was slightly under that of 1957, and the rate of increase in the per capita use for skim milk items and milk and cream mixtures was definitely smaller than in other recent years.

In Jan.-Sept. 1959, sales of skim milk items were up nearly 9 percent and milk and cream mixtures about 4 percent. Although sales of fluid cream products in the first three-quarters of 1959 were nearly 3 percent lower than a year earlier, this was a substantially smaller drop than for a number of years.

For 1959 as a whole the average price paid for milk per quart delivered to homes in major cities of the United States will about equal the record high of 25.3 cents set in 1958. The smaller surplus of milk products in recent months and higher prices for a number of manufactured dairy products probably will lead to some price strength for fluid milk products into early, 1960.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

Jan. 1960	Dec. 1959	Jan. 1959
\$4.46	\$4.85	\$4.34
4.845	5.25	4.685
4.685	4.758	4.442
4.285	4.358	4.042
3.777	3.854	3.942
2.996	3.155	2.867
.077	.080	.069

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

83.2	83.4	86.7
76.5	76.9	81.1
6.3	6.2	7.5
1.9	2.1	2.1
2.1	2.1	1.6
3.1	3.1	2.4
8.4	8.3	4.2
18.5	17.9	14.4

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

28,244,823	27,160,559	24,104,575
758,297	666,678	674,105
1,696	1,693	1,705
537	518	456
3.96	4.01	3.94
\$1,357,600.18	\$1,344,263.99	\$1,118,736.40
\$180.75	\$179.29	\$148.16

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

22,652,068	21,833,363	20,159,495
855,154	836,688	770,789
23,507,222	22,670,051	20,930,284
1,832,927	1,707,170	1,823,342
21,617	23,397	20,353
1,854,544	1,730,567	1,843,695

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

297,564	296,219	278,645
4,953	4,718	4,973
16,469	14,707	13,688
11,818	11,372	10,372
8,580	9,263	7,895

*Fall production payment 51 cents per cwt. additional

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



Jan., 1951-60

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1951.....	16,553,458	4.22	81.9	15.3	2.8	—	4.64	4.772	4.372	3.45	—	2,136	250
1952.....	16,456,769	4.14	85.3	13.0	1.7	—	5.19	5.269	4.869	4.093	—	2,094	254
1953.....	19,750,387	4.09	80.4	13.5	6.1	—	4.57	4.715	4.315	3.64	—	2,218	287
1954.....	23,085,076	4.06	73.5	12.9	13.6	—	4.13	4.34	3.94	3.46	—	2,243	332
1955.....	23,237,473	3.97	78.1	7.2	5.5	9.2	3.95	4.142	3.742	3.742	3.166	2,146	349
1956.....	24,586,227	3.94	77.8	8.1	6.4	7.7	3.94	4.125	3.725	3.725	3.142	2,085	380
1957.....	23,716,076	3.90	86.0	7.6	3.1	3.3	4.46	4.554	4.154	4.054	3.067	1,936	395
1958.....	25,086,958	3.86	84.9	7.3	2.9	4.9	4.28	4.411	4.011	3.911	3.088	1,857	436
1959.....	24,104,575	3.94	86.7	7.5	1.6	4.2	4.34	4.442	4.042	3.942	2.867	1,705	456
1960.....	28,244,823	3.96	83.2	6.3	2.1	8.4	4.46	4.685	4.285	3.777	2.996	1,696	537

CCC Purchases Running Considerably Below 1958

The gradual improvement in the supply-demand balance for dairy products at support prices manifested itself in declining sales to CCC, particularly in the last few months. In the first $\frac{2}{3}$ of the marketing year (which began April 1) butter sales to CCC totaled 76.5 million pounds, compared with 103 million pounds a year earlier. Sales of cheese, on the other hand, in the same period were approximately 50 million pounds compared with 26 million a year earlier. In terms of milk equivalent, however, the sales to CCC in the first 8 months of this marketing year totaled 2 billion pounds, about 13 percent below the comparable figure for a year earlier. Additional sales to CCC of butter and cheese are very likely to be made between now and the end of March, the close of this marketing year. But the milk equivalent of total purchases for this marketing year are almost certain to be considerably below the 3.4 billion pounds purchased in the 12 months ended March 31, 1959.

Comparisons of USDA purchases of nonfat dry milk this year with last year are complicated by the fact that purchase

contracts in bulk containers are made for immediate delivery (within 10 days) and purchase contracts in small containers are for delivery over two or three month periods. Also, any changes in CCC buying prices usually are announced in advance and influence sales to the Department at the end of one marketing year and the beginning of the next. The timing of contracts for purchases in small containers, which are often in large quantities, has resulted in sharply different monthly and annual totals.

For statistically measuring the flow of nonfat dry milk to the Government of quantities removed from the market, data on time of delivery rather than time of contract appear to better serve the purpose. Monthly deliveries to the Department have been approximated by adding the scheduled deliveries in small containers to the purchase contracts in bulk containers for each month.

Purchases (contracts) of 433 million pounds in the first 8 months of this marketing year compared with 610 million pounds a year earlier. The latter includes 102.5 million pounds purchased in small

containers in April 1958, following the reduction in the CCC purchase price.

Scheduled deliveries to the Department during the April-November 1959 period totaled 553 million pounds compared with 563 million pounds a year earlier. However, last marketing year's deliveries do not take into account that some nonfat dry milk purchased in bulk containers in March 1958 (before the announced reduction in CCC's purchase price) otherwise would have been purchased in April.

If deliveries are compared on a calendar year basis the difficulties caused by changes in CCC purchase prices are eliminated. Deliveries of nonfat dry milk to USDA in the January through November 1959 period were 777 million pounds, 70 million pounds, or 8 percent, less than a year earlier.

In early December, contracts were made for the purchase of 28 million pounds of nonfat dry milk in special packages for delivery through mid-March 1960. In addition, sales of this product to CCC in regular bulk containers are continuing and are now increasing seasonally.

SMALLER STORAGE STOCKS OF BUTTER & CREAM HAVE CONTRIBUTED TO MARKET STRENGTHENING

At the beginning of 1959, commercial storage stocks of butter were 3 million pounds above early 1958. The margin over a year earlier was increased through the end of June 1959, but from the end of June to the end of October net withdrawals of butter from private storage were considerably larger than in any year since 1949. The end of October holdings of butter at 43 million pounds about equalled those of 1953, but otherwise were the

lowest since 1944. Fluid cream also is stored for use in late fall and winter periods when current fresh supplies may be inadequate. This item may be used for making ice cream, as well as some other purposes. Storage holdings of this item have been less than a year earlier in every month of this year. The total, as of the end of October, was 14 million pounds, less than $\frac{1}{3}$ the 1947-49 average, and the lowest for that date since 1942.

Commercial holdings of American cheese have been trending upward the last several years, and at the end of October totaled 274 million pounds, compared with 258 million a year earlier and the 1947-49 average of 164 million pounds. These increased holdings are presumed to be in part associated with the increased total consumption of American cheese and in part with the trend toward use of relatively more aged cheese.

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Use of Milk . . .

(continued from page one)

a year earlier in January and October to 12 percent in February and September and 13 percent in March. For the first 10 months output was 7 percent above a year earlier. Output of the other items also has shown widely varying changes from 1958 to 1959, with increases for all months for mellorine-type products and water ices. Ice milk was lower only in January, and sherbert production was lower in January and October. Compared with a year earlier, however, production in the first 10 months of 1959 was larger by the following amounts: ice milk, 6 percent; sherbert, 7 percent; water ices, 13 percent; and mellorine-type products, 9 percent.

The use of frozen dairy desserts was noticeably influenced by the heavy unemployment in a number of areas during 1958. First 10-month totals for output of water ices and sherberts declined from 1957 to 1958. The other three products, however, showed increases, reflecting the upward trend in demand for frozen dairy products. The substantial increase in consumer incomes in 1959, added to the effects of long-term upward tendencies, accounts for the large increases for all items in 1959. A contributing factor also has been the change in retail pricing policies, so that in a number of important consuming areas of the country, prices for frozen dairy desserts were considerably lower in 1959 than in 1958, particularly in the larger-sized containers.

Market Quotations

Jan.
1960

12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.128
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.97 est.
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	3.015
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.979
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.094
Evaporated Milk Code Price, 3.5% per Cwt.	2.803
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.0506
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.046
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.070
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.944
Average Weekly Cheddars price per lb.	.3475
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.14050
Average price per lb. 92-score butter at Chicago	.57962
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1325

USDA CONTINUES DAIRY SUPPORT FOR ANOTHER YEAR

Secretary of Agriculture Ezra Taft Benson today announced that current dollar-and-cents support prices for manufacturing milk and butterfat will be continued through the 1960-61 marketing year which begins on April 1.

The support prices are being continued at \$3.06 per hundredweight for manufacturing milk and 56.6 cents per pound for butterfat.

In carrying out the program to support prices of milk and butterfat sold by farmers, the U. S. Department of Agriculture as in the past will offer to purchase butter, cheddar cheese, and nonfat dry milk in carlot quantities.

The current purchase prices for nonfat dry milk and cheddar cheese will be continued, except that the buying price for

nonfat dry milk in barrels and drums will be the same as the current price for it in bags. Purchase prices for butter will be announced later after consultation with the trade about regional differentials. It is estimated that buying prices will result in national average prices to farmers for manufacturing milk and butterfat at least equal to the announced support prices.

The 1960 support rates are about 77 percent of both the parity equivalent price for manufacturing milk and the parity price for butterfat, based on parity prices as announced on December 30, 1959. This continues the percentage-of-parity level of support which is currently in effect.

The Secretary of Agriculture is required by law to set a level of price supports that will "assure an adequate supply." This must be done before the beginning of the marketing year.